

## Message Text

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S E C R E T STATE 307924

E.O. 11652' GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

### 1. OIL: BAHRAIN TO FOLLOW SAUDI LEAD

THE PRESIDENT OF THE BAHRAIN PETROLEUM COMPANY (BAPCO)  
TOLD AMBASSADOR CLUVERIUS ON DECEMBER 18 THAT HE ANTICI-  
PATED THAT BAHRAIN, AS USUAL, WOULD FOLLOW THE SAUDI LEAD  
IN OIL PRICING. HE NOTED, HOWEVER, THAT BAPCO AND THE GOB  
HAD NOT YET MET TO DISCUSS THE SITUATION. (CONFIDENTIAL)  
MANAMA 2159, 12/19.

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### 2. IRAN: KHALATBARY'S GULF TOUR

COMMENTING ON FOREIGN MINISTER KHALATBARY'S RECENT TRIP  
TO BAHRAIN, THE UNITED ARAB EMIRATES AND SAUDI ARABIA,  
FOREIGN MINISTRY UNDERSECRETARY NADIM TOLD DCM MIKLOS

THAT:

--SAUDI-IRANIAN DIFFERENCES OVER OPEC PRICE POLICY  
SHOULD NOT AFFECT OVERALL BILATERAL RELATIONS.

--THE IRANIANS PROPOSED TO PRINCE FAHD THAT THE  
LOWER GULF STATES AND IRAN SHOULD REACH AN AGREEMENT  
ON SECURITY COOPERATION, LEAVING THE DOOR OPEN FOR  
IRAQ TO JOIN LATER.

--THE SAUDIS FEARED SUCH A MOVE WOULD FORCE A  
NEGATIVE IRAQI REACTION, THEREBY FORECLOSING THE  
POSSIBILITY OF IRAQI PARTICIPATION, BUT THEY PROMIS-  
ED TO SEND AN EMISSARY TO BAGHDAD TO DISCUSS THIS.

--BAHRAIN AND THE UAE UNDOUBTEDLY WILL LOOK TO THE  
SAUDIS AS THEIR BELLWETHER ON THE ISSUE OF COOPER-  
ATION AMONG THE GULF STATES. (CONFIDENTIAL) TEHRAN  
12491, 12/19.

### 3. SYRIA: THE PRESIDENT'S BROTHER A SCOUNDREL?

EMBASSY DAMASCUS DISCOUNTS THE WIDESPREAD RUMOR THAT  
RIF'AT AL-ASAD WAS BEHIND THE ASSASSINATION ATTEMPT  
AGAINST FOREIGN MINISTER KHADDAM. PRIME MINISTER  
KHULAYFAWI IS SAID TO BELIEVE THESE REPORTS. IN THE  
EMBASSY'S VIEW, RIF'AT MAY BE THE TARGET OF AN ORCHES-  
TRATED CAMPAIGN BY HIS OPPONENTS, WHO INCLUDE MILITARY  
AND BAATH PARTY OFFICIALS, TO NEUTRALIZE HIS INFLUENCE.  
FOR HIS PART, PRESIDENT ASAD REPORTEDLY TOLD MEMBERS OF  
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THE BAATH PARTY REGIONAL COMMAND THAT HE CONSIDERS AN  
ATTACK ON HIS BROTHER TO BE AN ATTACK ON HIMSELF. THIS  
STATEMENT LENDS WEIGHT TO THE EMBASSY'S VIEW THAT ANY  
WEAKENING OF RIF'AT'S INFLUENCE IS IMPROBABLE.  
(SECRET) DAMASCUS 8644, 12/18.

### 4. MIXED REVIEWS FOR INDIA'S ECONOMIC EFFORTS

INDIA CONTINUES TO FACE FUNDAMENTAL ECONOMIC PROBLEMS  
DESPITE RECORD FOOD GRAIN PRODUCTION AND AN IMPROVED  
FOREIGN TRADE POSITION. EMBASSY NEW DELHI PREDICTS A  
RESPECTABLE FOUR TO SIX PERCENT ANNUAL GROWTH IN GNP FOR  
THE NEXT FEW YEARS, BUT DOUBTS THAT INDIA CAN DO MORE  
THAN KEEP UP WITH POPULATION GROWTH UNLESS GOVERNMENT  
RESTRAINTS ON AGRICULTURE AND PRIVATE INDUSTRY ARE  
LOOSENEED. THE EMBASSY ALSO NOTES THAT:

--INCREASED AGRICULTURAL PRODUCTION IN 1976 WAS DUE

TO GOOD WEATHER, NOT TO STRUCTURAL IMPROVEMENTS.

--INDUSTRIAL OUTPUT HAS EXPANDED, BUT NOT ENOUGH TO  
COPE WITH RISING UNEMPLOYMENT.

--INDIAN BALANCE OF PAYMENTS DEFICITS HAVE DECLINED,  
AND THEY NO LONGER POSE A MAJOR CONSTRAINT TO  
DEVELOPMENT.

THE EMBASSY PREDICTS THAT INDIA'S CONTINUING NEED FOR  
MASSIVE CAPITAL INFUSIONS AND ITS INABILITY TO ATTRACT  
GREATER PRIVATE FOREIGN INVESTMENT WILL OBLIGE IT TO  
ENTER WORLD CAPITAL MARKETS MORE AGGRESSIVELY IN ORDER TO  
FUND DEVELOPMENT PLANS. (LIMITED OFFICIAL USE) NEW DELHI  
18141, 12/16.

5. EAST GERMANS ANXIOUS FOR NEW PETROLEUM SOURCES

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USNATO REPORTS THAT, ACCORDING TO THE DUTCH AMBASSADOR IN  
BERLIN, THE GDR IS TRYING TO PURCHASE PETROLEUM ON BARTER  
TERMS FROM IRAN, VENEZUELA, AND NORWAY IN ORDER TO COVER  
AN EXPECTED SHORTFALL IN DELIVERIES FROM THE USSR.  
ACCORDING TO THE SOURCE:

--THE SOVIET AMBASSADOR IN BERLIN HAS INTERCEDED  
WITH HIS VENEZUELAN COLLEAGUE IN SUPPORT OF THE GDR  
REQUEST.

--THE NORWEGIAN AMBASSADOR IN BERLIN HAS SAID THAT  
THE GDR IS OFFERING FOR BARTER LOCAL PRODUCTS OF  
CONSIDERABLY MORE VALUE THAN THEIR PETROLEUM EQUI-  
VALENT. (CONFIDENTIAL) NATO 6922, 12/20.

6. NEW SPANISH PARTY IN THE CARDS?

THE POLITICALLY ASTUTE VICAR GENERAL OF THE MADRID  
ARCHDIOCESE, JOSE MARIA MARTIN PATINO, OBSERVED TO AN  
EMBASSY MADRID OFFICER ON DECEMBER 16 THAT:

--WITH THE REFERENDUM OVER, THE REAL POLITICKING  
WILL BEGIN AS THE PARLIAMENTARY CAMPAIGN GETS INTO  
HIGH GEAR.

--A NEW LAY PARTY, THE "INDEPENDENT DEMOCRATS," MAY  
BE FORMED AROUND THE INDEPENDENT GROUP OF LIBERAL  
FRANCOIST CORTES MEMBERS. IF SUCH A PARTY ALLIED  
ITSELF WITH THE POPULAR PARTY, THE TWO MIGHT GAIN  
ENOUGH VOTES TO CONSTITUTE A PARLIAMENTARY CENTER

BLOC.

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--SUCH A BLOC COULD WELL ASK SUAREZ, WHOSE POPULAR-  
ITY WAS SIGNIFICANTLY ENHANCED BY THE REFERENDUM, TO  
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HEAD THE NEW DEMOCRATIC GOVERNMENT.

--BECAUSE OF THE ORIOL KIDNAPPING, THE COMMUNIST  
PARTY IS HIGHLY UNLIKELY TO BE LEGALIZED BEFORE THE  
ELECTIONS.  
KISSINGER

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